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U.S. House of Representatives

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June 26, 2003

DHHS Projects Effects of House Medicare Bill on Prescription Drugs

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Dear Colleague:

Yesterday, the Department of Health and Human Services (DHHS) issued a report summarizing the effects of H.R. 2473 (contained in H.R. 1), the Medicare Prescription Drug and Modernization Act of 2003, on prescription drug costs for Medicare beneficiaries.

DHHS stated that H.R. 2473 would provide real relief for seniors and disabled Americans; those who now pay full retail prices could see their total prescription drug spending reduced by an estimated 25 percent, and their overall out-of-pocket drug spending could fall by as much as 77 percent—in exchange for a premium of about \$35 per month.

The report also states that a substantial share of beneficiary savings from H.R. 2473 arises from drug price discounts, made possible by letting Medicare beneficiaries aggregate their purchasing power for the first time.

With the H.R. 2473 prescription drug benefit, seniors would receive significant savings on each of their medicines, as illustrated in the DHHS chart below.

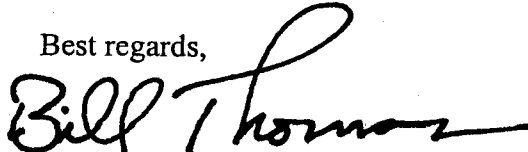
Comparison of Possible Cost-Sharing for Drugs Seniors Use

Under H.R. 2473

Selected Popular Drugs for Seniors		H.R. 2473	
Drug Name	2002 Retail Price for 30 Tablets *	Discounted Price **	20% Coinsurance***
Lopressor 100mg	45.99	36.79	7.36
Imdur 30mg	48.89	39.11	7.82
Lipitor 20mg	108.65	86.92	17.38
Proscar 5mg	82.59	66.07	13.21
Celebrex 200mg	86.28	69.02	13.80
Zyrtec 10mg	69.52	55.62	11.12
Vanceril 42mcg	51.05	40.84	8.17
Norvasc 5mg	34.94	27.95	5.59
Fosamax 70 mg, 4 pills	80.45	64.36	12.87
Zolof 100mg	78.96	63.17	12.63

NOTES: * Price data from "Shopping Smart for Prescription Drugs: A Guide to Discounts on Medication." Chicago Department of Public Health, Office of Managed Care. Prices are taken from telephone inquiries to a large chain pharmacy in September 2002. Future prices may be different. ** Calculations assume a 20% discount off retail prices. Actual discounts will vary from drug to drug and plan to plan. ***H.R. 2473 provides coverage for 80% of enrollees' prescription expenses after a \$250 deductible is met, up to \$2,000 of total annual spending. Most beneficiaries incur less than \$2,000 annually.

Best regards,



Bill Thomas
Chairman